

House Bill 1395

Testimony of Darren Brostrom
Job Service North Dakota
Before the
Senate Appropriations Committee
Senator Ray Holmberg, Chairman
March 26, 2021

Mr. Chairman, members of the committee, I am Darren Brostrom, Deputy Director of Job Service North Dakota. I am here today to provide information relating to House Bill 1395.

Job Service was the recipient of approximately \$372 million in CRF funds as allocated via the Budget Section. There were three primary expenditure types approved by the Budget Section from this allocation:

- **Deposit into the North Dakota UI Trust Fund for benefit expenditures: \$355,653,643**
 - Used strictly for benefit payments
 - Ensured that the Trust Fund remained solvent and available
 - Ensured that employer tax rates would not increase due to the pandemic
- **Reimbursed benefit charges of state non-profit/reimbursable employers: \$12,381,213**
 - Used to reimburse non-profit/reimbursable employers for 50% of benefit costs
 - Federal government covered the other 50% of the charges
 - Provided critical support to these employers operating with limited budgets
- **Operational costs related to response to the pandemic: \$4,346,357**
 - Utilized for costs such as temporary staff, technology costs, and contractor costs arising from the vast number of changes to the unemployment insurance program resulting from the federal response to the pandemic

Of these costs, Job Service has returned \$1,427,906.20. This return of funds was the result of lower than projected non-profit/reimbursable benefit charges in the fourth quarter of 2020.

Understanding that funds may remain for further allocation in 2021, Job Service reviewed potential options for expenditure that could further support the North Dakota workforce. One item that rose

to the top in our discussions was continued support of our state non-profit/reimbursable employers. Following are details relating to this potential expenditure for consideration of the committee as you contemplate appropriate utilization of funds.

Continued Reimbursable Employer Support for the 1st Quarter of 2021

- Federal Government extended 50% benefit charge reimbursement through March 2021 with support increased to 75% for charges incurred after March 31, 2021
- Emergency Commission and Budget Section approved the reimbursement for quarters 2,3, and 4 of 2020 utilizing CRF funds. This continued support would pay the 50% of benefit charges not covered by the Federal Government for the 1st quarter of 2021
- Availability of turnback CRF funds at this time would provide a benefit to reimbursable employers who continue to be impacted by pandemic related unemployment
- Estimated Benefit Charges to reimbursable employers
 - Quarter 1, 2021: \$1,800,000 (*note that actual benefit charges were used for January and February of 2021, but March is an estimate*)
 - **Total CRF funds needed for this reimbursement: \$1,800,000 X 50% (covers the non-federally covered %) = \$900,000**
- If the Legislative Body should find this allocation of CRF funds to be a desirable option for funding expenditure, Job Service recommends that any remaining CRF funds proposed for this activity be allocated/appropriated for deposit into the UI Trust Fund. Although it is not expected that a large amount would remain, this action would prevent further turn back or the loss of CRF funds at the end of December 2021 should expenditure costs be lower than the amount allocated. This action would provide support to all state employers and assist in further stabilizing UI Tax Rates.

Mr. Chairman, this concludes my testimony, I would be happy to stand for any questions the committee may have.